Income Tax Index - Health Care Professional Credit

Question: What is the Health Care Professional Credit?

Answer:

For tax years 2000 and 2001 an income tax credit was available for Colorado residents who worked as health care professionals in rural areas of Colorado. [§39-22-126, C.R.S.].

TAXPAYERS WHO QUALIFY FOR THE CREDIT

Qualified taxpayers were health care professionals who resided and practiced full-time in a Colorado rural health care professional shortage area and who had committed to residing and practicing in that area for at least three years and up to five years. The health care professionals must also have been borrowers on student loans issued under a recognized program used by him or her for higher education opportunities resulting in a degree that enables them to be licensed or certified as a health care professional.

DEFINITIONS

"Health care professional" meant a physician, physician assistant or advanced practice nurse who was licensed under the laws of Colorado. For tax year 2001 the definition included dentists.

"Rural health care professional shortage area" meant any area outside Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, El Paso, Jefferson, Larimer, Mesa, Pueblo or Weld counties, and any area within those counties that is located 30 or more miles from the nearest hospital containing 30 or more licensed beds.

"Student loan" meant a student obligation or other debt obligation for higher education purposes or for the purpose of consolidating or refinancing a loan for higher education purposes.

"Full time" meant at least 20 hours per week on average for 180 days in the first year, and at least 20 hours per week on average for at least ten months in subsequent years of participation in the income tax credit program.

COMPUTING THE CREDIT

The credit was the smaller of:

- 1/3 of the amount due on the health care professional's student loan on January 1 of the first tax year the credit is claimed,
- the total amount due on the health care professional's student loan on January 1 of the first tax year the credit is claimed minus the total of the credits claimed in prior years,
- 3) the total of the Colorado tax and Colorado alternative minimum tax liabilities for the year.

If other tax credits reduced the net tax liability for the tax year below the amount in number 3 (above), any health care professional credit that exceeded this amount was refunded to the taxpayer.

LIMITATIONS

The credit could be claimed during years:

- 1) in which the taxpayer was current on their student loan payments, and
- 2) the taxpayer actually resided and practiced in the Colorado rural health care professional shortage area per an agreement with the Department of Public Health and Environment, and
- 3) within the first four years following the year the credit was first claimed, and
- 4) that the student loan had an outstanding balance for at least part of the year.

RECAPTURE OF THE CREDIT

Any taxpayer who claimed this credit and

- 1) moved out of the rural health care professional shortage area or ceased to practice in such area during the period they were committed to reside and practice in that area, or
- 2) paid off their student loan by means of any other loan repayment program were required to repay the entire amount of the total credit claimed with the income tax return for the year in which the move occured, in which the practice ended, or in which the loan was paid by the loan repayment program. This repayment was reported on the "Recapture of prior year credits" line on Form 104.